

JPRS-UIE-84-023

30 November 1984

USSR Report

INTERNATIONAL ECONOMIC RELATIONS



FOREIGN BROADCAST INFORMATION SERVICE

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30 November 1984

USSR REPORT

INTERNATIONAL ECONOMIC RELATIONS

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TALLINN DESCRIBED AS FIFTH LARGEST TOURIST CENTER

Tallinn SOVETSKAYA ESTONIYA in Russian 28 Sep 84 p 3

[Article by N. Obukhova, chief of the Information Department of the ESSR Council of Ministers Administration for Foreign Tourism: "Always Glad To Have Guests"]

[Text] Yesterday we celebrated for the fifth time World Tourism Day. Taking into account the important role of international tourism in the strengthening of mutual understanding and trust between the citizens of different countries, the Soviet Union was one of the first to support the recommendation of the Third Session of the World Tourist Organization and established in the country a Tourism Day.

We have placed the noble goals of rapprochement of peoples in the name of peace on the planet at the head of the line, both through the organization of foreign tourism at the beginning of the 1920's, and today, which is the 55th anniversary of the founding of the All-Union Joint Stock Company Inturist, now the USSR State Committee for Foreign Tourism.

The principled basis of the Soviet Union's policy in the area of international tourism is the development of tourist exchange with all countries, independent of their socioeconomic structure. Even today, in a period of sharp aggravation of the ideological struggle, among the foreign guests of the USSR around 40 percent are tourists from the capitalist and developing countries.

On the average 5 million foreign guests visit us annually. People want to become acquainted with their own eyes, not at second hand, with the first socialist country in the world, with its multinational culture, and its wonderfully multifaceted nature. Tours to the Soviet Union are frequently becoming voyages of discovery.

Inturist offers more than six hundred itineraries, passing through 147 tourist centers of our enormous country, stretching from the Baltic to the Pacific Ocean.

Relatively recently tours with rest cures made their appearance in the Inturist program, and are rapidly winning popularity. Family tourism is also being actively introduced now.

The number of places with Inturist hotels is approaching 60 thousand today, and according to the plans for development of the branch up to 1990 will be increased by 40 percent.

Tallinn remains above all one of the most popular tourist centers in the USSR. It has consistently occupied fifth place in the number of foreign guests after Moscow, Leningrad, Kiev and Sochi. They travel here just to see the unique buildings of the Old City, and to come to know how a small people lives in the united family of the Soviet Union.

The reception of tourists in our republic is the job of several organizations which have already accumulated sufficient experience in serving guests. The leading one, Tallinn's branch of the USSR State Committee for Foreign Tourism [Goskominturist], celebrated its 25th anniversary this year, and the section serving foreign tourists in the hotel "Kungla" achieved, one might say, a coming of age. It became an independent organization, "Inturburo."

Every year, both in the itineraries for tourists, and in the list of additional services for them, the republic tourist organization strives to introduce something new, enriching the programs' informational saturation and further improving service. The Ministry of Culture of the ESSR, the ESSR Znaniye Society, the Tallinn Board of Rest Parks, the State Philharmonic Orchestra of the ESSR and other organizations are their active comrades in arms in this work.

Many workers of our republic tourist system have become true masters of their business. Just among the workers of the Viry Restaurant there are four Honored Trade Workers of the ESSR--L. Mark, L. Leppik, K. Plaan, Ya Tuvike, as well as 12 master chefs and master pastry chefs. M. Saar, the current leader of the linguistic group, grew from a young specialist to an Honored Cultural Worker of the ESSR in the Department of Guide-Interpreters of the Tallinn branch of USSR Goskominturist. It would be difficult to imagine a system of foreign tourism in Tallinn with such experienced workers as O Seet--the Permanent Manager of a department of the USSR Goskominturist in Tallinn, S. Kas'k, N. Yukhansoo, Yu. Toomel', A. and L. Siyki, P. Rel'va, G. Kaponen, U. Reyäl', I. Lõpko and very many others. In the Tallinn Inturist system alone they number around 1.500, conscientiously and enthusiastically fulfilling their duties.

The successes and achievements in the business of the development of foreign tourism in the republic has been repeatedly recognized by state awards and marks of excellence from the USSR Goskominturist.

The deserved awards received yesterday during the ceremony may stand as a token of new success in the development of tourism, a business serving peace and friendship.

CSO: 1825/13

USSR-CEMA TRADE

IBEC BOARD CHAIRMAN ON BANK ACTIVITIES, GREATER ROLE IN CEMA

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 15 Jul 84 p 3

[Article by V. Dzhindzhikhadze, chairman of the board of the International Bank for Economic Cooperation: "Collective Foreign Exchange"]

[Excerpts] The top-level Economic Conference of CEMA Countries that took place in Moscow determined the basic directions for the further development and extension of the economic and scientific-technical cooperation of fraternal countries. The main goal of the established tasks is to raise socialist economic integration to a new and higher level and to expand the scale and increase the effectiveness of mutual cooperation in the interests of providing for stable growth in the national economies and public well-being. An important role in solving these tasks is assigned to the foreign-exchange and financial instruments that the CEMA countries consider essential to improve, proceeding from the positions of the Overall Program and strengthening the collective currency, the transfer ruble, so that it can more fully fulfill its monetary functions.

Through our bank, the volume of the accounts of countries is increasing constantly in accordance with the expansion in reciprocal foreign economic ties. Whereas in 1964 this volume amounted to 22.9 billion transfer rubles, it was R176.8 billion in 1983, that is, it increased by a factor of almost eight. Over the 20 years, the volume of accounts exceeded 1.4 trillion transfer rubles.

The international accounts handled by the bank are closely connected to a system of credit extension in transfer rubles. We grant two types of credit; on accounts, on the sum of the short-term excess of payments over receipts; and urgent credit, to equalize the payments balance, expand the commodity turnover and expenditures for specialization and production cooperation, and for seasonal needs and other purposes. Credit is provided for periods of up to 3 years.

In helping the member countries to equalize their payments balances, we use credit to cover only a planned and coordinated temporary imbalance in their reciprocal accounts in transfer rubles, an imbalance that results from concluded trade protocols and other economic agreements. In this is seen the active role of the bank's credit mechanism, which has an impact on the timely and full implementation of commercial obligations entered into by fraternal countries.

In 20 years of operations, the IBEC has granted credit for a total of more than 100 billion transfer rubles. Interest is charged on the credits. The interest rates charged are differentiated in accordance with the type and term of the credit and vary from 2 to 5 percent annually at the same time that they are now charging more than 10 percent annually in the capitalist currency markets for borrowed funds in U.S. dollars, for example. The high cost of credit in the capitalist world is a heavy burden on the economy of the borrower countries and is one of the main reasons why about 40 developing countries have been forced in recent years to declare themselves insolvent.

The socialist community presents a totally different relationship to fraternal countries with a less-developed economic base, as in the cases of Vietnam, Cuba and Mongolia. The Economic Conference declared that the CEMA countries consider it their international duty to continue to provide them help at the existing just level to accelerate their development and increase the efficiency of their national economies. The IBEC established a favorable credit regime for Vietnam, Cuba and Mongolia, charging only 0.5 to 2 percent interest annually. As a result, just for the years 1981 through 1983, IBEC help to these countries amounted to more than 50 million transfer rubles.

In addition to operations in transfer rubles, we also carry out operations in convertible currency and gold that are customary in international banking practice. Available foreign-exchange capital is drawn both from banks in member countries and from banks in capitalist countries in the form of credits and deposits. It is then distributed in other banks of these countries, thus helping to expand the commercial and economic relations of the bank's members countries with capitalist countries.

The bank carries out operations in convertible currency under the conditions in effect in the international foreign-exchange markets, both with respect to the level of interest rates and to the time periods for attracting and distributing loans and deposits. Through its irreproachable operations, the IBEC has acquired well-deserved authority and trust in international banking circles.

The practice in the functioning of the accounting and credit mechanism of the IBEC shows convincingly that it is actively helping to bring about growth in the commodity turnover of CEMA countries, to carry out the large-scale economic projects foreseen by the Overall Program, and to ensure reliable and uninterrupted payments between fraternal countries on an equivalent and just basis. At the same time, under today's conditions it is essential to make this mechanism even more effective.

For the purpose of successfully putting into effect the tasks established by the Economic Conference in the area of foreign exchange and financial relations, it is necessary above all to increase significantly the role of the IBEC, actively utilizing its existing accounting and credit instruments to give more effective assistance in the economic cooperation of member countries in the current stage and in the implementation by them of their reciprocal commitments for commodity turnover and the observance of discipline in foreign economic relations. For this purpose, the bank must continue its work in improving the

system of planning credits in transfer rubles and in eliminating any still-existing elements of automatism in the granting of credit, and it needs to develop criteria for determining economically based interest rates that actively help CEMA countries to fulfill their reciprocal commercial obligations.

The decisions of the high-level Economic Conference of CEMA Countries foresee the creation of favorable conditions for the establishment of joint firms, enterprises and other economic organizations on a cost-accounting basis. In this connection, the IBEC could take on itself the accounting-credit servicing of the indicated organizations, giving consideration to the existing experience in this type of servicing of operational international cost-accounting organizations. It is essential to resume the bank's activities in expanding the area of the application of the transfer ruble both within and outside the borders of CEMA countries.

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CSO: 1825/138

CUBAN TRADE AND DEVELOPMENT REVIEWED

Moscow EKONOMICHESKAYA GAZETA in Russian No 31, Jul 84 p 20

[Article by J. M. Norniella, member of the editorial board of GRANMA: "Cuba: Stable Economic Growth"]

[Excerpts] From year to year the material and technological foundation of the Republic of Cuba is broadened, strengthened and enriched. The economy of the country, which is the basis of the steady rise in the workers' well-being and the guarantee of further successes for the Cuban revolution, is growing confidently. It is sufficient to say that during the past 15 years industrial production in the Republic of Cuba grew by approximately 2.5 times. Gross agricultural output increased significantly and great successes have been achieved in both plant-growing and animal husbandry.

The substantial yearly increase in the gross national product was a great economic achievement for the republic. Last year alone it comprised 5.2 percent. The country's gross national product has now reached the overall sum of 24.3 billion pesos. Moreover, its significant growth last year was achieved despite the great economic difficulties with which Cuba came to grips as a result of the increased severity of the imperialist economic blockade.

Although significant losses occurred in sugar and several other agricultural products, the indices for all sectors of industry increased in comparison with the previous year. The labor collectives in industry, construction, transport and trade overfulfilled the yearly plans.

According to the data of the State Statistical Committee, capital investments in 1983 achieved the highest level in the whole history of the republic—3.3 billion pesos, an increase of 8.5 percent for the year. A large part of the capital investments are realized through the participation of CEMA member countries and primarily the Soviet Union. The fraternal, disinterested and ever increasing aid of the USSR has an incalculable significance for the building of socialism in Cuba.

The Cuban workers, under the leadership of their communist vanguard, have implemented a whole group of measures for raising the effectiveness of the national economy. In particular, material outlay, calculating for 1 peso of

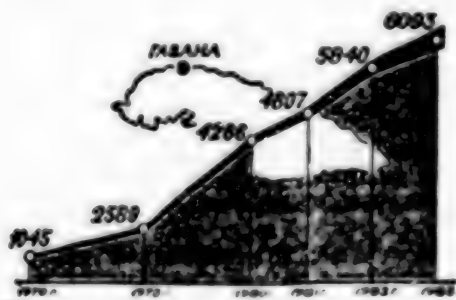
cost of gross output, was reduced last year by 2.1 percent and by 0.4 percent for commodity output. This alone permitted savings of almost 230 million pesos with respect to the whole national economy.

Labor productivity grew by 3.3 percent, which exceeded the planned goal. The growth of labor productivity ensured 58,000 workplaces for the economy and approximately 126 million pesos from the wage fund. The growth rates of labor productivity exceeded the growth rates of average salary and grew by 2.3 percent.

A direct result of the activization of the workers' struggle for greater savings in expenditures of all material resources was significant savings in energy resources, where approximately 500,000 tons of oil was economized.

A new step in raising the well-being of the workers has been made. Public consumption funds increased by 4 percent. Commodity circulation increased by more than 3 percent. As far as the securing of food products is concerned, per capita consumption of rice, vegetables, eggs, fish, corn, beans and citrus fruits increased. A Cuban's daily ration today includes 2,970 calories, which significantly exceed the average world level. Available housing continues to increase.

The republic's external economic connections have widened. Last year, commodity circulation at current prices grew by 12.2 percent. Trade with socialist countries comprised 86 percent of the overall volume of Cuban commodity circulation. Trade with capitalist countries increased somewhat. Exports of products unconnected with the sugar industry increased as a whole by 45 million pesos.



External Trade Circulation Between the Republic of Cuba
and the Soviet Union
[millions of rubles according to prices for corresponding years]

The vitally important significance for Cuba of cooperation with CEMA member countries was clearly reflected in the rapid growth of the republic's commodity circulation with these countries. It increased from 2.1 billion rubles in 1970 to more than 10 billion rubles in 1983. Trade with the Soviet Union is developing most dynamically, having increased from 1 billion to 6.1 billion rubles during the same period, as shown by the diagram.

Having entered CEMA in 1972, the Republic of Cuba has experienced the beneficial influence of the principles of socialist internationalism. At the economic conference in Moscow, the leaders of our fraternal countries again affirmed their readiness to continue their assistance to Cuba, on the existing just basis, in accelerating the development and raising the effectiveness of the national economy, taking the goals of socialist industrialization into consideration.

In July 1984, the 9th plenum of the Cuban CP CC was held. Along with other questions, the course of fulfillment of national economic goals was examined.

Statistical data published recently in the country indicates, in particular, that in the first quarter of the current year, the republic's heavy industry carried out production to the amount of 422 million pesos--6.4 percent more than the same index last year. In the food industry, the goal of the first 4 months was over-fulfilled by 3.6 percent. The citrus combine on the Island of Youth and the milk combine in Escambra over-fulfilled their half-yearly goals. A citrus processing combine, built with the technical assistance of the GDR, was put into operation in the province of Ciego de Avila. It will process up to 170,000 citrus fruits each year. The production of food products is increasing, thus ensuring the needs of the republic's population.

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CSO: 1825/142

USSR-CEMA TRADE

INTERVIEWS ON TRADE IN HIGH QUALITY GOODS WITH HUNGARY, GDR

Hungarian-Soviet Trade Ties

Moscow PRAVDA in Russian 25 Jun 84 p 4

[Article by V. Gerasimov, special PRAVDA correspondent in Budapest: "Improving Service"]

[Text] The documents of the Economic Conference note the necessity of increasing the output and the reciprocal shipments of high-quality consumer goods for the people, and of further development in trade.

Laslo Hamori, general director of the Budapest specialized enterprise "Keripar," tells of the cooperation of Hungary and the USSR in this area.

"Our six machine building plants and shops for metallurgical designs established solid and businesslike contacts with Soviets customers. We equipped department stores in Kiev and Khar'kov, as well as dozens of cafes and restaurants in airports, hotels and theaters. Our planning and equipping of a restaurant for a new hotel in Uzhgorod was rated highly. We also carried out interior finishing work in a number of public buildings in Moscow. We send industrial kitchen machinery to the USSR for public eating facilities and various machine units for bread plants. Every year we send 1,500 automatic coffee makers with a set of various accessories and pieces of equipment for cafeterias. At the end of last year, we fulfilled a big order for a large new department store in Komso-mol Square in Moscow.

"Recently," L. Hamori continues, "we took part in the reconstruction of two large department stores in Minsk. And close contact has been established with the Moscow GUM [State Department Store]. Initially, we received an order to modernize the service system in 12 halls. In addition, this year we are providing department stores in Yaroslavl', Leninakan, Yerevan and Donetsk with new equipment, and we are participating in the expansion of the trade network of the former Olympic village in Moscow."

"Keripar" put into production mobile kitchen-containers that will be exported to the USSR for construction detachments, geologists and petroleum workers. A specialized enterprise is closely linked with the Soviet VNIItorgmash [All-Union Scientific Research and Experimental Design Institute for Commercial

Machine Building]. We exchange materials and we regularly send our new products there for testing.

Right now plans of CEMA countries are being coordinated for the new 5-year plan. As early as next year, our deliveries to the USSR will increase significantly. Many new machines and machine units will be introduced into the goods turnover. For this purpose, we are strengthening our technical and production base.

"Convenient, modern and attractive"--that is the motto of our enterprise, which we want to continue to put into practice consistently, said L. Hamori in conclusion.

GDR-Soviet Cable Cooperation

Moscow PRAVDA in Russian 25 Jun 84 p 4

[Article by Yu. Kaz'min, special PRAVDA correspondent in Berlin: "Important Contribution"]

[Text] For many years, the Moscow and Berlin cable makers have jointly been creatively and fruitfully resolving the tasks involved in the growth of production efficiency and scientific-technical progress, and they have been making an important contribution to the friendship of our countries and peoples and to the consolidation of peace. That is why in the shops of the enterprises of the Cable Combine imeni Wilhelm Pieck, they are studying the material of the top-level Economic Conference of CEMA Countries with particular attention and interest.

Jurgen Scheve, secretary of the combine's SED [Socialist Unity Party of Germany] committee, relates:

"The documents of the conference repeatedly make note of the necessity of strengthening joint work directed toward increasing qualitative indicators. The collectives of our enterprises are successfully resolving this important task. In the current 5-year plan, we have already implemented production of a new generation of articles at the level of the best samples in the world. Our colleagues from the Moskabel' Production Association have given us a great deal of help. Cooperation with our Soviet friends has made it possible to accelerate significantly the assimilation of a number of technical innovations, and it has had a beneficial effect on the improvement in production quality.

"Each of us is now thinking about how to raise the level of our interaction to a higher qualitative stage. I spoke about this subject with Roza Mikhaylovna Golubevna, secretary of the party committee of Moskabel', and we came to the common opinion that both of our party organizations should together seek ways and opportunities to strengthen the influence of communists on the production process. We will jointly find new ideas, develop new technologies, and expand the product assortment. To do that, we have everything that is needed, above

all many years of experience in cooperation. The party organizations of the cable makers of the GDR and the USSR can do much to accelerate the joint movement forward and to do even more to develop competition for high-quality labor."

J. Scheve noted that the results of the work of the Economic Conference instill in every worker of the GDR a feeling of profound optimism. In the documents signed in Moscow, there was a reaffirmation of the consistent course of our parties for further strengthening of the political and economic power of the fraternal community and for the well-being and happiness of our peoples, who are working creatively in the name of peace and socialism. In fully approving the results of the Economic Conference, the SEPG Central Committee Politburo and the GDR Council of Ministers expressed their conviction that new prospects are being opened up for an all-round development of fraternal cooperation.

In conclusion, Jurgen Scheve said that the communists of the combine were very pleased to receive the news from Moscow that K.U. Chernenko, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, has accepted the invitation to visit the GDR. In competing in honor of the 35th anniversary of the formation of the GDR, the cable makers of Berlin are marking this visit with new labor achievements.

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CSO: 1825/138

USSR-CEMA TRADE

FUNCTIONS OF TRANSFERABLE RUBLE EXAMINED

Moscow IZVESTIYA in Russian 13 Sep 84 p 5

[Article by Vilen Karpich entitled "CEMA: Integration in Action: The Transferable Ruble--A Reliable Currency"]

[Excerpts] With the establishment of the International Bank for Economic Cooperation [IBEC] in 1964 a system of multilateral accounting by means of a collective currency of the CEMA countries--the transferable ruble--was realized, creating the basic link of the socialist international currency system.

All types and forms of economic ties between the fraternal countries (aside from the exceptional occasions of gratuitous assistance) are projected in a monetary form. All goods are purchased and sold via the transferable ruble.

Outwardly it represents the age-old process of buying and selling. But in fact--the process of the production and exchange of goods, precisely planned by the national organs, and destined for export (import) as a result of the bilateral and multilateral coordination of plans permits the prior determination of the total of joint deliveries.

The [free] market, predominant in the relations between the remaining countries of the world, loses its force at the border of the [socialist] confederation. The rate of exchange for currency, the interest rate, and the price, factors inherent in the market economy, are brought into a framework of planned, organized economic relations.

The major feature of the transferable ruble is that it is not the currency of any single country. Its strength lies in the combined economic potential of the 10 CEMA member countries and in the management mechanism of the integrative process, agreed upon among them. No single country may independently release the transferable ruble into circulation. The primary source of its receipt is the completed export of commodities which guarantees that the collective currency is backed by goods. In the Complex Program on Socialist Economic Integration it is stated that: "The socialist collective currency (the transferable ruble) is backed by real goods on the basis of the planned development of the trade turnover of the CEMA member countries according to prices agreed upon by contract, established on the basis of world prices, save for the removal from them of the harmful influence of the competitive factors of the capitalist market. That secures its stability and independence from the crisis phenomena of the capitalist currency system."

The transferable ruble is used for accounting in all foreign trade operations among CEMA countries for the allotment and liquidation of short-term, medium-term and long-term credits through the IBEC and the International Investment Bank (IIB), but also directly between countries; for accounting for joint construction, for the maintenance of international industrial, scientific and other enterprises and organizations; for accounting in the sphere of services, including all types of transport, insurance, tourism, and for the accumulation of currency reserves in accounts of the IBEC. In other words, it is a workable means of the coordinated measurement of the value of goods, payments and savings.

In interstate accounting the transferable ruble is used just as is any other currency, including the dollar, as a clearing device: as a type of entry on the accounts of the banks of the CEMA countries in the IBEC. Its purchasing power is determined by the foreign trade prices in the market of the CEMA countries.

As of this year the IBEC will have existed for 20 years. It embodies the more typical characteristics of all systems of mutual relations among the fraternal countries: genuine democracy, the equality of rights and duties, the impossibility of one country pressuring another. The dues of the countries to the charter funding of the bank (consisting of 305.3 million transferable rubles) are apportioned according to the sum of their exports in the joint trade. The amount of credits received does not depend on the sum of the contributions from a given country. Both the USSR, whose deposits amount to 116 million transferable rubles (38 percent), and the MPR which invests in the bank's capital 1 percent of the total (3 million), have precisely the same rights. Each country has a single vote in the council and the board of directors of the bank.

The direct ties of the transferable ruble with the commodity stocks guarantee the complete conformity of the currency exchange to the real movement of goods between countries, which excludes the possibility of an unsupervised issue of the transferable ruble and the non-regulated flows of commodities and currency. The unification in IBEC "under one roof" of the system of accounts with the credit mechanism actively promotes the growth of the CEMA countries joint trade turnover.

Twenty years ago, in its first year of activity the IBEC granted to the partner banks in the CEMA countries 1.5 billion, and last year 12.5 billion transferable rubles, that is, eight times as much. In all for the preceding period the volume of operations completed by it in the collective currency reached nearly 1.5 trillion, and the sum of credits granted 100 billion.

The characteristic feature of the bank's credits is in transferable rubles the moderation of interest rates. Rates for the bank's credit fluctuate in the range of 2-5 percent per annum depending on the term for which the loan is granted. For the SRV, the Republic of Cuba and the MPR they are established at a level of 0.5-2.0 percent per annum. The privileged conditions for these countries furthers the equalization of the level of development of these countries with the other member countries of the bank.

The other collective bank of the CEMA countries, the International Investment Bank (IIB) also actively promotes the development of socialist integration. On it are placed long-term--up to 15 years--and medium-term credit measures connected with the international socialist division of labor, the specialization and cooperation of production, the expansion of the raw materials and fuel bases in the common interest, and the construction of facilities in other branches of the economy.

Beginning its activity in 1971, the IIB granted credit on the collective currency and in convertible currencies for 84 projects with an estimated value of more than 10 billion transferable rubles. The charter funding of the bank exceeds 1 billion transferable rubles. Credits in excess of 3.5 billion transferable rubles have been granted. More than two-thirds of the total credits granted were for the development of the fuel and energy industry, 20 percent for machine building and electrical engineering. Projects financed by the bank, during its existence have exported to the fraternal countries of products valued at 19 billion transferable rubles.

The transferable ruble is tied to the national currencies of the member countries of the CEMA via a fixed, multilateral, international agreement on exchange rates (which can be reviewed in the event of changes in domestic wholesale prices or foreign trade prices), but also via the convertible currencies--through exchange rates established by the IBEC.

The needs of the countries and their citizens for available national currency (for reciprocal travel, for the maintenance of organizations and institutions of one country on the territory of another, the payment of transport expenses, contributions, transfers, stipends, etc.) are provided for by a system of non-trade payments. Its elements are the reciprocal exchange of national currencies of the CEMA member countries (established by the method of comparing the purchasing power of the currency for a defined set of goods and services) and a list of non-trade payments. For methods of payment granted one to another (checks) the countries settle accounts with the transferable ruble.

The socialist currency system directly affects the economic interests of the countries it serves. Therefore, each of them makes upon it their own demands, which are not always in agreement, since at each given point in the relations between seller and buyer, debtor and creditor, naturally there are contradictions. Work on the improvement of the system is carried on continuously. This year the CEMA Standing Commission on Currency-Finance Questions is occupied with these problems, for example: the analysis of the practice of planning IBEC credits in transferable rubles; the economic basis of the interest rates for credits accepted by the IBEC and the IIB; the prerequisites for the further development of the credit activities of the IIB and the commodity backing of its credits in transferable rubles.

Payments are registered according to the more precise definition of the exchange relationships between the national currencies of the member countries of the CEMA in relation to the transferable ruble and between themselves, of the relations of the national currencies to the non-trade payments and the coefficient of their conversion to the transferable ruble.

It is thought that it would be worthwhile to strengthen the stimulative role of IBEC and IIB credit interest rates, in order that these instruments might more actively assist a strengthening of payment and contractual discipline, and the steady growth of joint trade turnover. It remains to study the question of how to further reinforce the basis of the international currency-finance mechanism of the CEMA countries—the transferable ruble. This would permit its monetary functions to be more fully utilized.

The responsible organs of the CEMA countries, the CEMA Standing Commission on Currency-Finance Questions, and the collective banks of the socialist countries are working on the resolution of these questions. The CEMA Secretariat is actively assisting them. Undoubtedly, solutions will be found which will permit the effectiveness of the international currency-finance mechanism of the member countries of the socialist community to be raised to the contemporary stage of their economic integration.

CSO: 1825/5

PART-TIME WORKERS IN CEMA: ALTERNATIVE LABOR RESOURCE

Moscow SOTSIALISTICHESKIY TRUD in Russian No 6, Jun 84 pp 87-92

[Article by E. Farberova (Scientific Research Institute of Labor): "Trends of the Development of Irregular Work Schedules in the CEMA Countries"]

[Text] The problem of introducing irregular forms and schedules of work is not new: it has been discussed for a long time by specialists and the public at large and has its supporters and critics. The interest in this problem is increasing in connection with the measures, which are being elaborated in our country, on the more extensive dissemination of the practice of the work of women on part-time schedules, on the sliding schedule, as well as work at home. It seems that the experience gained by the CEMA countries will be very useful in the solution of this problem.

Irregular work schedules have undergone the greatest development in Bulgaria, Hungary and the GDR, moreover, interesting experience in the use of partial employment has been gained in the GDR and interesting experience in working on "flexible" schedules and work at home has been gained in Bulgaria and Hungary.

Irregular work schedules are helping in the accomplishment of the important social tasks which face the socialist countries in the area of the creation of the most favorable working conditions, which enable women to combine better and more fruitfully occupational activity with the rearing of the rising generation. As the public opinion polls being conducted in the CEMA countries show, such state measures of assistance to the family, which enable women to devote more time to the rearing of children, including the making available of the opportunity to choose a convenient form of employment, are becoming more and more preferable as compared with direct monetary aid, for example, family grants. In conformity with "The Party Concept of the New Code of Labor Laws," which was adopted by the November (1982) Plenum of the Central Committee of the Communist Party of Bulgaria, the rights of a woman, who is a mother, to work part-time and under the conditions of "flexible" schedules are being set down legislatively.

The introduction of irregular forms of labor at the same time is also aimed at the solution of an important economic problem: to enlist in social production additional manpower resources, which is very urgent under the conditions of the strained manpower balance in a number of CEMA countries.

Work on Part-Time Terms

Work on part-time schedules is the most widespread form of the irregular organization of labor. The more than 20 years of experience of the GDR are interesting. Here back in the 1950's an extensive discussion on this question developed in the press, and then at a number of enterprises of Karl-Marx-Stadt the possibility of the introduction of partial employment was studied and tested. In 1961 the right to such work was set down in the Code of Labor Laws. In conformity with Section 160 the opportunity to work a partial workday where production conditions permit can be granted to women, for whom for family circumstances it is difficult to work a full workday, at their request. In such cases an individual labor agreement, which specifies the rights and duties of the parties, is concluded between the enterprise and the working woman.

Partial employment is used in the GDR in its two basic forms--a partial workday and a reduced number of workdays a week with a full workday. The hours and days of work are established subject to the conditions of production and labor, as well as the marital status of the women: it is taken into account whether they have nursing children, children of preschool or school age, ill or elderly family members.

The legislation envisages the extension to part-time employees of the legal norms which regulate the labor of full-time workers. They are equal workers and employees and enjoy all the rights which have been established for personnel of the corresponding categories. The remuneration of their labor is made in proportion to the actually worked time or performed work. The length of the basic paid vacation, the social payments and benefits are the same as full-time employees have.

Work in so-called brigades of housewives is a version of partial employment in the GDR. They are very widespread at enterprises of the personal service sphere. But in contrast to labor under the conditions of a partial workday or partial work week, employment in the brigades of housewives is of a temporary, irregular nature. It is carried out on the basis of a contract, which is concluded between the management of the enterprise and the brigade of housewives and in which the terms of the performance of a specific amount of work are established. The questions of the organization and protection of labor, wages and the payment of bonuses and the social insurance of members of brigades of housewives have received legal settlement. Their labor is paid for in conformity with the performed work at the rates which are in effect at the given enterprise.

The legislative steps taken in the GDR promoted the significant increase of the employment of women in social production. From 1961 to 1972 the number of women, who were working part-time in conformity with a labor contract, increased to 1.1 million, having amounted to 34 percent of all employed women, or 13 percent of the total number of workers and employees, and in those sectors of the national economy, in which female labor traditionally predominates, a relatively high proportion of women, who are employed part-time, was also noted. In industry the partial employment of women received primary use at enterprises of the electrical equipment, electronics and light

industry, that is, where the most favorable conditions exist for this; in the communications sectors--in the delivery of mail, newspapers and journals; in trade--at self-service stores during peak hours (during the day, week or year, for example, on days before days off and holidays), as well as in small shops; in the sphere of public education--at children's preschool institutions; in the state machinery--as secretaries, clerks and executive assistants.

During the 20-year period of the use of part-time schedules GDR specialists have studied this problem thoroughly. The factors, which prompt women to select such a form of employment, were studied first of all. The main one of them, as the surveys show, is the desire to devote more time to the family and especially to children. The inconvenient schedule of the former job and the significant expenditures of time on travel are then named. The state of health and the need for care for ill family members play a significant role. Of course, these reasons change subject to the age and skill of the women, the amount of her wage in case of full employment, the age of the children, the skill and wage of her husband.

The question of the age of the women, who prefer to work on part-time schedules, was also studied. In principle such work is not connected with any specific age group. In particular, the approximately equal proportion in the total number of women, who are employed part-time, of the different age groups, including women under the age of 25, attests to this.

How is the partial employment of women appraised in the GDR? Very ambiguously.

It is generally acknowledged that during the first years of the introduction of partial employment it was an important form of the extensive involvement of women in social production. Let us note that now in the GDR more than 87 percent of the able-bodied women are employed in the national economy; women make up more than 50 percent of all workers and employees. At the same time specialists are directing attention to the pitfalls and difficulties, which are connected with the organization and use of irregular schedules. Thus, when speaking about the economic aspect of the problem, they note the losses of a certain portion of the manpower resources, the lag of the gross amount of available working time behind the increase of the number of workers and employees, the difficulties in the organization of production and in the use of production capacities. It is emphasized that the involvement of women, who are employed part-time, in the labor process requires substantial changes in the organization of labor. Specialists believe that for this it is necessary to have an adequate number of workplaces, which make it possible at any time to work a partial shift, or such sections, in which it is possible to delimit in time the performance of specific functions. The maintenance of a specific ratio between the number of full-time and part-time workers is also considered important. And all the same, in spite of specific organizational difficulties, the socialist state is developing these forms of the employment of women, regarding them as an important social factor which makes easier the situation of working women who are mothers.

It is also appropriate to direct attention to opinion with regard to the "losses" of women themselves. The point is that working women and

specialists, who are employed part-time, as a rule (and surveys show this), do not strive to increase their skills, do not display an interest in their occupational advancement and are less active in social life. It is not by chance that women, who have quite high skills and perform responsible work, at the first opportunity strive to return to full employment.

It is characteristic that after 1972 the number of women employed part-time ceased to increase. The achieved level stabilized, and then its slight decrease occurred. As they believe in the GDR, the main reason for the decrease of the proportion of women working part-time was the implementation of a set of broad social measures, which were aimed at facilitating the situation of working women who have two and more children, namely the shortening for them of the total length of the work week from 43 hours 45 minutes to 40 hours (with the retention of the wage); the increase of the length of the annual paid vacation by 3-9 days; the granting during the month of 1 paid day for household matters. Let us note that all these benefits apply only to women who are employed full-time.

Nevertheless at present, according to estimated data, approximately 29 percent of the working women are employed on a part-time schedule. This is quite a few. The preferential sphere of the use of their labor is trade and services (such sectors in which so-called peak loads exist). Here high skills are not required of those partially employed, and the question of the possibilities of advancement is not urgent.

GDR specialists are very cautious with respect to the prospects of the development of this form of labor and do not consider it advisable to speed up the further extension of the partial employment of women. But here they are maintaining the course of continuing the social policy, which is aimed at the all-round improvement of the labor and daily life of working women who have children: the shortening of the working time, the increase of the length of vacation, the broadening of social benefits.

As to the other CEMA countries, the experience of Hungary is noteworthy. Although until recently partial employment here had not received as extensive dissemination as in the GDR, first of all the great diversity of the part-time schedules being used is interesting.

For example, the essence of one of them is that every 6 months a contract on the work schedule for the next 6 months is concluded between the enterprise and the worker. The enterprise, depending on the amount of work being planned, offers for a choice several versions of a partial work week (36 or 33 hours), and only the weekly amount of working time is recorded in the contract. In other cases the enterprise offers several versions of the use of the annual amount of working time--80 percent, 70 percent and so on with a lower limit of 40 percent. The set total annual amount of working time is then broken down by months, weeks and days. Since the enterprise is interested in that the worker would work precisely when production needs this, the appropriate material stimuli are used. Thus, the cashier, who works for half the rate during the first and fourth weeks of each month, is paid three-fourths of the wage for the work which he previously performed in a month. Thus, a greater intensity of labor during relatively shorter intervals of time

is encouraged, while the wages are reduced not in direct proportion to the worked time (as is usual in case of part-time schedules), but to a smaller extent.

It is recommended to use this version, in particular, in seasonal jobs, when the possibility exists to envisage the fluctuations of the amount of work over the year, having singled out specific months and weeks. Surveys have shown that here part-time schedules make it possible to avoid the hiring of casual workers and contribute to the attachment of skilled personnel. Let us also note that in these cases one-twelfth of the wage intended for the year is paid monthly to the worker, that is, he is also guaranteed a wage during the months when in fact he is not working or is working without a full load.

And, finally, there is another version which is recommended by Hungarian specialists: the amount of work, which is performed at a given workplace, is "divided" between two or several workers. This is a relatively new form of partial employment, when not one, but two (and perhaps three) people perform the amount of work, which was intended for one full-time employee. They divide the working time up independently on different days in the most different ratio. For example, between two workers the ratios can be 40:60, 50:50, 30:70, while among three 30:30:40 or 50:30:20. The wage is also divided up accordingly. As the surveys showed, when two perform in a workday an assignment designed for one, labor productivity increases significantly (by up to 30 percent). It is believed that this version is especially suitable for women, who are continuing studies without leave from work, are raising children and are engaged in caring for an ill family member.

Experience in the organization of labor on part-time terms has also been gained in Bulgaria. Thus, the right to conclude labor contracts with housewives on work for a partial workday was granted to the managers of economic organizations by a special decree of the Bulgarian Council of Ministers (April 1978). Moreover, the managers of economic organizations, which produce consumer goods, as well as enterprises of municipal and personal services, retail trade and public dining enjoy the right to conclude labor contracts with housewives on the performance of work and services at a convenient time for them. Employment on part-time terms in Bulgaria has undergone the greatest dissemination in light industry, where shops of associated works have been set up at enterprises, as well as in retail trade and municipal services.

"Flexible" Working Time

This form of irregular work schedules has undergone the greatest dissemination in Hungary and Bulgaria.

In Hungary in 1979 the Code of Labor Laws was supplemented by an article on the possibility of using the legislatively established working time on the basis of "flexible," "sliding" schedules. The work on these schedules is regarded as a means of the more efficient use of the working time of full-time employees. The impact from its use takes the form of a decrease of the losses of working time, the tightening up of labor discipline, the increase of the initiative of workers and the elimination of transportation problems.

Let us dwell on the versions of the sliding schedules which are being used in Hungary. First of all this is a "flexible" workday. It is a question of a "flexible" start and end of the workday. Two versions have received the greatest dissemination. In the first case the start and end of the workday are as if shifted. The worker chooses twice a year the time of the start of work (within a specific interval) with the observance of the standard length of the workday. As a rule, the conclusion of the contract coincides with the transition to winter and summer, while the time of the start of work accordingly also determines the time of its end. The daily routine is organized differently in those instances when the worker chooses a convenient start of work not necessarily for some lengthy period of time (for example, half a year), but on any day. But in all cases it is mandatory to observe the established length of the workday.

Further, the "flexible" work schedule is used in those sectors and industries, in which the week or month is taken for the calculation. Then only the worked time is checked daily; the workday can be longer or shorter than the mandatory working time. The difference between the mandatory and worked time is "carried over" from 1 day to another, 1 week to another (during the same month). Here it is necessary to observe the weekly or monthly length of working time, the balance of working time (within the limits of the legislatively established weekly or monthly amount of working time) is accordingly tallied at the end of the week or month. In Hungary this version enjoys the greatest popularity.

A system, which envisages several "flexible" periods during the workday or week, is used within these two versions. Thus, in addition to the "flexible" start and end of work there is also a "flexible" lunch time, but within specific limits: for example, 1.5 hours with a standard length of 30 minutes, or a "flexible" time of weekly rest. Such a form, when the "carryover" of overtime or insufficiently worked time from 1 month to another is possible, is also being used in Hungary. Then the balance of working time is tallied at the end of the year, and the work year becomes "flexible."

There is another version of the organization of working time, when the delimitation of "flexible" and mandatory working time is eliminated altogether. Only the upper limit of the daily working time is regulated in conformity with the legislative norms and orders on the protection of labor. The workers in consultation with the collective and the management independently settle the question about the time of the start and end of work, the days of work, its temporary suspension and so on. However, the "carryover" of working time to the next year should not complicate the normal course of production and is permitted only within strictly defined limits.

In Hungary they believe that in practice there are not any limitations of a production nature for the spread of the "flexible" workday, as well as the "flexible" work week or "flexible" work month, it is also relatively easy to carry out the monitoring of the use of working time. It is more complicated with the third version. They recommend that it be used in those instances when during individual periods it is necessary to provide a larger number of workers than usual. For example, at the end of the month (or year) for performing an increased amount of work--the drawing up of accounting reports,

the tallying of trade balances and others. As to the last version, it is believed that it is possible to use it successfully under such production conditions, when the performed work is being evaluated and paid for, when it is possible to formulate clearly and specifically the demands on the worker, and then to monitor their fulfillment. Finally, it is also suitable in those instances when the work is characterized by a high degree of independence and responsibility; they recommend it, in particular, for scientific research and experimental design organizations.

While speaking for the more extensive dissemination of schedules of "flexible" working time, Hungarian specialists at the same time note such difficulties as changes of the established forms of the organization of labor, the increase of the expenditures, which are connected with the monitoring of the use of working time by means of modern equipment, and others.

In Bulgaria the schedule of the "flexible" workday, which takes the form of the shifting of the start and end of work with the observance of the overall established length of working time during the day, week or month, has undergone the greatest dissemination.

Work at Home

Work at home is regarded in the CEMA countries as a form of the increase of the labor activity of such categories of the population as women, who are busy in the household or on the private plot, are rearing children and have the opportunity to participate only in part in social production, able-bodied retirees, people with a limited capacity for work and student youth (during the time free from studies). Work at home has undergone the most development in Hungary and Bulgaria. Thus, in Hungary a special government decree on labor at home, which envisages the increase of the sphere of its use, the increase of material stimulation and the broadening of the legal guarantees of people working at home, was adopted in 1978. Preference was granted to people who owing to special circumstances and first of all marital status cannot work under the conditions of the usual production schedule.

These steps contributed to the activization of labor at home. According to the data for 1979, the number of people working at home in Hungarian industry came to 3.6 percent of all the working people. For the most part they use work at home at small and medium-sized enterprises of state and cooperative industry. The majority of people working at home are women.

At present the question of the more extensive use of the so-called guaranteed form of labor at home, in case of which a specific amount of work is established in advanced (according to a contract), and of the decrease of the use of the "free" form, when the person working at home performs a specific job only periodically in connection with production necessity, is being raised in Hungary. In the former case a specific portion of the wage, which is paid as compensation, is guaranteed to the person working at home.

Various forms of the organization of labor at home are being used in Hungary. It can be individual or collective (groups, brigades); it can be performed at special premises (which are made available or leased by the enterprise) or at

home. Preference is given to the brigade form. As a rule, the groups (brigades) are formed of the members of a family with the enlistment of other people. The remuneration of labor is made in accordance with the rates and wage rates, which are in effect at the enterprise which uses the labor of people working at home. In addition to the wage, bonuses and other rewards (including from the profit sharing fund) are paid to people working at home. They have the right to the same social payments and benefits, which people employed under the conditions of a conventional schedule receive. The questions of granting leave--basic and additional (with allowance made for the length of service)--to people working at home, as well as the procedure of calculating the length of service when granting a pension are also regulated legislatively. The enterprises are charged to reimburse people working at home for all the expenses connected with the use of means of production, the payment of rent, the repair of equipment, the transportation of products and so on. The terms of the reimbursement of expenses are specified in the contract.

In 1982 additions were made to the rules on labor at home, which were in effect in Hungary. They concern the possibility of the use of the labor of people working at home by private people and in the sphere of new forms of management--the so-called minor forms of activity of various labor collectives, which, as is known, are receiving certain development in Hungary. What is meant, in particular, are the economic associations which operate at state enterprises (during the time free from the basic job).

According to the data at the end of 1982, of the total number of people working at home (who make up approximately 3 percent of all working people) 92.2 percent are employed in the production sphere. Among those engaged in labor at home women predominate in all sectors, especially in industry--88.8 percent. In the other sectors of the production sphere women make up more than half of the total number of people working at home. The most women who work at home are in light industry.

The slight decrease of the number of people working at home in recent times, which they explain both by the overall decrease of the rate of production and the decrease of the number of people employed in industry and by the decrease of the export to capitalist countries of items of the cottage industries (let us note that about 70 percent of all the people working at home, who are employed in light industry, work precisely in handicraft production), the transfer of a number of enterprises to the periphery and the development of subsidiary works at agricultural cooperatives, is arousing the anxiety of Hungarian specialists. Attention is also being directed to other problems in the development of labor at home, particularly the relatively low wages of women who work at home: for more than 90 percent they are less than the average wages for the country.

Much is being done in Bulgaria for the enlistment of women, as well as people with a limited capacity for work and student youth in labor at home. Thus, in 1980 the Bulgarian Council of Ministers adopted a decree on the labor at home of women who are rearing children of preschool age. In conformity with it the enterprise is obliged to grant leave (without the retention of the wage) to women, who have expressed the wish to work at home, until the child reaches

the age of 6 (if he does not attend a children's institution) on the condition of the conclusion of a labor contract on work at home. The time, which has been worked in system of work at home, is included in the total length of service and is taken into account when calculating the pension.

The primary sphere of the labor of women at home in Bulgaria is enterprises of light, as well as local industry.

Work at Specialized Enterprises (in Subdivisions)

Such an irregular form of employment as work at specialized enterprises and in subdivisions with preferential work schedules has also undergone development in Bulgaria. In the corresponding government decree, which was adopted in 1980, it was stated that this decision is aimed at the creation for women of more favorable conditions for the rearing of children of preschool age and at the more efficient use of the labor of women who are mothers.

At specialized enterprises the disabled of groups I-III, people with a limited capacity for work and people engaged in the care of an ill family member make up not less than 70 percent of the total number of workers. The remaining 30 percent of the workers are completely able-bodied people, first of all women who are rearing young children (to the age of 6). Let us note that if a woman, who is employed at a specialized enterprise, expresses the wish to work at home, such a possibility is made available to her. In these cases the corresponding rules on labor at home come into force.

The list of processes and items, which are basically performed and produced by specialized enterprises and subdivisions, is approved centrally. Bulgarian specialists regard this measure as a "protective" one, which makes it possible to expand significantly the employment of the people for whom the specialized enterprises are intended. Thus, children's underwear and clothing and bedding are sewn, children's games and toys are made, light metal items are produced, string bags and baskets are woven and products are packaged by the forces of exclusively specialized enterprises and subdivisions. Specific types of sewn and knit items are produced, footwear is sewn and a number of printing operations are performed primarily at specialized enterprises and subdivisions. Therefore at present the specialized enterprises and subdivisions of Bulgaria are also the basic producers of children's clothing and footwear, children's games, souvenirs, leather, metal and plastic haberdashery and various types of packages. Let us note that all these products enjoy an increased demand among the population, the majority of items, which are produced by specialized enterprises, are of the highest quality.

It seems that the experience of the CEMA countries in the introduction of irregular work schedules will be of interest for specialists who are dealing with the elaboration of similar problems in our country.

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CSO: 1825/2

BRIEFS

SOVIET-ROMANIAN COOPERATION--In Moscow, on 18-19 July, discussions took place between N. D. Komarov, first deputy minister of foreign trade of the USSR, and V. G. Chirskov, minister of construction of oil and gas industrial enterprises, and V. Pungal, minister of foreign trade and international economic cooperation of the Socialist Republic of Romania, and G. Vlad, minister of the oil industry of the Socialist Republic of Romania. During these talks, questions of the further development of trade and economic relations between the two countries were discussed. An important place in the talks was devoted to questions of cooperation in joint construction efforts of national economic objects, including questions of participation by Romanian organizations in the construction of gas industry objects on the territory of the Soviet Union. The two sides signed an inter-governmental agreement on cooperation between the USSR and the Socialist Republic of Romania in the construction of gas condensation deposits in the Soviet Union from 1984 to 1988. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 31, Jul 84 p 20] 12249

AIRCRAFT CONSTRUCTION AGREEMENT WITH POLAND -- Warsaw, 27. (TASS). A Soviet-Polish agreement on further cooperation in the area of aircraft construction was signed here. It provides for the production of a number of types of civil aircraft, including those for agricultural aviation, as well as the reciprocal delivery of materials and technology. For the Soviet side the agreement was signed by the Minister of Civil Aviation, B.P. Bugayev, heading the Soviet delegation, and for the Polish side, the PPR Minister of the Metallurgical and Machine-Building Industry, Ja. Maciejewicz. In the statements of the delegations' leaders the high level of Soviet-Polish cooperation in the area of the aviation industry was emphasized, and a belief in the further development and deepening of this cooperation was also expressed. [Text] [Moscow SOTISALISTICHESKAYA INDUSTRIYA in Russian 28 Sep 84 p 3].

CUBAN NICKEL-COBALT FACILITY--Thousands of shock construction workers are working on the large metallurgical combine in Punta-Gorda near the city of Moa in eastern Cuba. The projected capability of the combine in Punta-Gorda, built with the technical assistance of the Soviet Union, totals 30,000 tons of nickel-cobalt concentrate per annum, that will double national production of this valuable resource, used in the metallurgical industry. Reporting on the course of construction of the combine in Punta-Gorda, the Cuban press notes that this shock construction in the 5-year plan has become a school of mastery for thousands of young workers and technicians arriving in the eastern province of Holguin from all parts of the country. [Text] [Moscow SEL'SKAYA ZHIZN' in Russian 12 Oct 84 p 3].

TRADE WITH INDUSTRIALIZED COUNTRIES

BRIEFS

U.S. 'DISRUPTS' SOVIET-FINNISH TRADE--Helsinki, 2. (TASS)--A harsh criticism by Finnish parliamentary Deputy Ensio Layne [transliteration] exposed attempts by official representatives of the United States to drive a wedge into the development of the fruitful trade-economic relations of Finland with the Soviet Union. That fact, that "advice" on the limitation of trade with the USSR was spread by American representatives during a stay in Finland, particularly on the eve of the signing of the new Soviet-Finnish agreement on trade turnover and payments for the years 1986-1990, he stated in a speech to the country's highest legislative organ, testifies to the serious plans of the United States to disrupt our friendly ties to the Soviet Union. Knowing so well how important cooperation with the USSR is, the member of parliament continued, we can say with satisfaction that the new Soviet-Finnish agreement signed in Moscow is visible evidence of the futility of similar attempts by American agents. We have no need for American advisers who call upon Finland to reject the creation of a nuclear free zone in northern Europe. [Text] [Moscow SEL'SKAYA ZHIZN' in Russian 3 Oct 84 p 3]

AUSTRIAN-CEMA TRADE GROWTH--Statistical data on the development of the trade and economic ties of Austria with the member countries of the Council of Mutual Economic Assistance has been published in the Austrian press. In agreement with this data, Austrian exports to the socialist countries for the first 6 months of the current year grew by 22.4 percent in comparison with the same period in 1983. Austria's trade with the Soviet Union reached a particularly broad scale. For the period indicated deliveries of Austrian goods to the USSR increased by nearly 40 percent and reached the sum of 7.2 billion schillings. The import of Soviet goods into Austria also grew at a rapid rate. For the first half of the current year it increased by 26 percent in comparison with the same period in 1983, and its value rose 8 billion schillings. The trade and economic relations of Austria with Hungary, the GDR, Poland and Romania have developed significantly. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 39, Sep 84 p 22]

CSO: 1825/5

TRADE WITH LDC'S

BRIEFS

JOINT CEMA-NICARAGUAN COMMISSION--(TASS)--The first session of the joint commission on cooperation between the Council of Mutual Economic Assistance and the Republic of Nicaragua has taken place. At the session the present state and future perspectives of economic cooperation of the member countries of the CEMA and the Republic of Nicaragua in various branches of the economy, in the development of foreign trade and the preparation of national cadres were discussed. The conference took place in a businesslike manner, in a spirit of friendship and mutual understanding. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 39, Sep 84 p 20]

THERMAL POWER PLANT FOR SYRIA -- Damascus, 24. (TASS). A contract was signed here for the rendering of technical assistance by the Soviet Union to the Syrian Arab Republic [SAR] for the construction of a thermal electric power station with a 400 megawatt capacity in the region of Wadi er Rabi. Evaluating the significance of this project, the SAR Minister for Electricity, Kamil al Baba emphasized that the thermal power station will permit the demand of the Syrian capital for electric energy to be completely satisfied. The contract for the construction of this important facility, he stressed in an interview with the TASS correspondent, is a striking example of the equal and mutually beneficial cooperation of the two friendly countries. [Text] [Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 25 Sep 84 p 3].

CSO: 1825/21

GENERAL

FOREIGN CURRENCY RATES FOR SEPTEMBER COMPARED

Rates Compared

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 37, September 1984, on page 21 and No 39, September 1984, page 21 carried the exchange rates issued by the USSR State Bank under the rubric "Bulletin of Exchange Rates of Foreign Currencies" as of 1 September 1984 and 16 September 1984, respectively.

CURRENCY	EXCHANGE RATES IN RUBLES	
	1 Sep:	16 Sep
Australian dollars per 100	69.96	69.96
Austrian schillings per 100	4.10	3.98
Albanian leks per 100	11.94	11.94
Algerian dinars	16.15	16.15
British pounds sterling per 100	109.02	107.46
Argentine pesos per 100	1.13	1.04
Afghan afghanis per 100	1.61	1.61
Belgian francs per 1,000	14.25	13.89
Burmese Kyats per 100	10.16	10.16
Bulgarian levs per 100	105.26	105.26
Hungarian forints per 100	5.65	5.65
Vietnamese dong per 100	10.47	10.47
Ghanaian cedis per 100	2.33	2.20
Guinean syli per 100	3.42	3.42
GDR marks per 100	31.25	31.25
FRG deutsche marks per 100	28.79	27.95
Dutch guilders per 100	25.52	24.79
Greek drachmas per 1,000	7.37	7.12
Danish kroners per 100	7.91	7.71
Egyptian pounds each	1.15	1.21
Indian rupees per 100	7.23	7.23
Indonesian rupiahs per 1,000	0.78	0.78
Iraqi dinars each	2.59	2.72
Iranian rials per 100	0.90	0.90
Icelandic kronas per 100	2.69	2.69
Spanish pesetas per 1,000	5.08	4.97
Italian lira per 10,000	4.65	4.54

Yemen, People's Democratic Republic Dinars each	2.38	2.38
Yemen Arab Republic rials per 100	14.46	14.46
Canadian dollars per 100	63.33	64.21
China, People's Republic yuan per 100	34.22	34.22
Korea, People's Democratic Republic won's per 100	69.44	69.44
Cuban pesos per 100	90.00	90.00
Kuwaiti dinars each	2.79	2.79
Lebanese pounds per 100	13.12	11.91
Libyan dinars each	2.81	2.81
Malaysian ringgits per 100	35.10	35.10
Mali francs per 1,000	0.94
Moroccan dirhams per 100	9.36	9.36
Mexican pesos per 1,000	4.18	4.18
Mongolian tugriks per 100	23.92	23.92
Nepalese rupees per 100	5.12	5.12
New Zealand dollars per 100	41.11	41.11
Norwegian kroners per 100	10.00	9.92
Pakistani rupees per 100	5.75	5.75
Polish zlotys per 100	1.67	1.67
Portugese escudos per 1,000	5.47	5.47
Romanian leis per 100	12.05	12.05
Singapore dollars per 100	38.59	39.10
Syrian pounds per 100	20.54	20.54
Somali shillings per 100	4.77	4.77
U.S. dollars per 100	82.40	84.55
Sudanese pounds per 100	62.65	62.65
Tunisian dinars each	1.08	1.08
Turkish lira per 1,000	2.21	2.21
Uruguayan pesos per 100	1.48	1.48
Finnish markkas per 100	13.77	13.51
French francs per 100	9.37	9.11
Czechoslovak korunas per 100	10.00	10.00
Swedish kronas per 100	9.92	9.87
Swiss francs per 100	34.45	33.73
Sri Lankan rupees per 100	3.27	3.27
Ethiopian birrs per 100	39.91	39.91
Yugoslav dinars per 1,000	5.31	4.94
Japanese yen per 1,000	3.42	3.44

Early September Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 37, September 1984, carries on page 21 a 150-word article by Ye. Zolotarenko entitled "Out Commentary" which states that there was little change during the last third of August among the currencies of the industrialized states. This was due to trader distrust in the future movement of the exchange rates. The U.S. dollar remained high despite a record deficit in the July trade balance of \$14.06 billion. The index of U.S. basic economic indicators declined by 1.3 percent in June to 0.8 percent in July.

Among the various causes of the current market situation is Argentina's creation of a so-called "sliding devaluation" of the peso—an attempt to respond to export costs and domestic prices.

The author points out with respect to China: "By fixing the exchange rate of the yuan the PRC is allowing for routine changes in the currency exchange rates, which play an important role in estimates on trade and other international calculations."

The price of gold changed little from the late August fixings around \$350 per ounce.

Mid-September Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 39, September 1984, on page 21 carries a 150-word article by Ye. Zolotarevko entitled "Our Commentary" which states that 23 foreign currency rates declined, including the Austrian schilling, the Argentine peso, the Deutschmark, the Italian lira, the Lebanese pound and the Finnish mark.

The U.S. dollar's continued rise was due to the influx of foreign capital chasing higher interest rates. Investment rates on the European market were 5.9 percent in Deutschmarks and 10.7 percent in pounds sterling versus 12.1 percent in U.S. dollars. "The inflow of capital into the United States was also strengthened by the more recent repeal in the United States of the 30 percent tax that was to have been levied on foreign holders of American Treasury bonds." The artificially high value of the U.S. dollar may decline should certain economic indicators such as the output of industrial goods, wholesale prices and retail trade turnover worsen.

Gold prices on September 14 declined by \$2 per ounce from the September 10 fixing of \$340 per ounce.

CSO: 1825/4

GENERAL

FOREIGN CURRENCY RATES FOR OCTOBER COMPARED

Rates Compared

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 41, October 1984 on page 22 and Number 43 October 1984, page 21 carries the exchange rates issued by the GOSBANK under the rubric "Bulletin of Exchange Rates of Foreign Currencies" as of 1 October 1984 and 16 October 1984 respectively.

CURRENCY	EXCHANGE RATES IN RUBLES	
	1 Oct.	16 Oct..
Australian dollars per 100	69.96	69.96
Austrian schillings per 100	3.98	3.92
Albanian leks per 100	11.94	11.94
Algerian dinars	16.15	16.85
British pounds sterling per 100	105.39	104.65
Argentine pesos per 100	0.94	0.84
Afghan afghanis per 100	1.67	1.67
Belgian francs per 1,000	13.77	13.60
Burmese kyats per 100	10.16	10.16
Bulgarian levs per 100	105.26	105.26
Hungarian forints per 100	5.65	5.65
Vietnamese dong\$ per 100	10.47	10.47
Ghanaian cedis per 100	2.20	2.20
Guinean syli per 100	3.42	3.42
GDR marks per 100	31.25	31.25
FRG deutsche marks per 100	27.95	27.43
Dutch guilders per 100	24.79	24.57
Greek drachmas per 1,000	6.76	6.76
Danish kroners per 100	7.71	7.60
Egyptian pounds each	1.21	1.21
Indian rupees per 100	7.23	7.23
Indonesian rupiahs per 1,000	0.78	0.78
Iraqi dinars each	2.63	2.74
Iranian rials per 100	0.90	0.90
Icelandic kronas per 100	2.53	2.53
Spanish pesetas per 1,000	4.97	4.97
Italian lira per 10,000	4.48	4.46

Yemen, People's Democratic		
Republic dinars each	2.47	2.47
Yemen Arab Republic rials per 100	14.46	14.46
Canadian dollars per 100	64.21	64.85
China, People's Republic yuan per 100	33.00	33.00
Korea, People's Democratic		
Republic wons per 100	69.44	69.44
Cuban pesos per 100	90.00	90.00
Kuwaiti dinars each	2.79	2.79
Lebanese pounds per 100	11.91	11.91
Libyan dinars each	2.81	2.81
Malaysian ringgits per 100	35.10	35.10
Mali francs per 1,000
Moroccan dirhams per 100	9.36	9.36
Mexican pesos per 1,000	4.18	4.18
Mongolian tugriks per 100	23.92	23.92
Nepalese rupees per 100	5.12	5.12
New Zealand dollars per 100	41.11	41.11
Norwegian kroners per 100	9.65	9.65
Pakistani rupees per 100	5.75	5.75
Polish zlotys per 100	1.67	1.67
Portugese escudos per 1,000	5.26	5.26
Romanian leis per 100	12.05	12.05
Singapore dollars per 100	39.10	39.64
Syrian pounds per 100	21.54	21.54
Somali schillings per 100	3.28	3.28
U.S. dollars per 100	84.55	86.00
Sudanese pounds per 100	65.04	65.04
Tunisian dinars each	1.04	1.04
Turkish lira per 1,000	2.21	2.09
Uruguayan pesos per 100	1.48	1.48
Finnish markkas per 100	13.51	13.51
French francs per 100	9.11	8.95
Czechoslovak korunas per 100	10.00	10.00
Swedish kronas per 100	9.87	9.78
Swiss francs per 100	33.73	33.46
Sri Lankan rupees per 100	3.27	3.27
Ethiopian birrs per 100	39.91	39.91
Yugoslav dinars per 1,000	4.94	4.62
Japanese yen per 1,000	3.46	3.46

Early October Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 41, September 1984 on page 22 carries a 300 word article by Ye. Zolotarenko entitled "Our Commentary" which states that seventeen exchange rates were changed by the USSR GOSBANK as of 1 October. Among declines were the pound sterling, the Argentine peso, the PRC yuan and the Somali schilling. The value of the afghani, the Syrian and Sudanese pounds and the Japanese yen rose.

Speculation based on the rising value of the dollar increased sharply during the last half of September. This was viewed by currency speculators as a safe opportunity since the US Treasury on the eve of Presidential elections, and the International Monetary Fund confirmed "that state interference in the market in the form of the sale of large sums of dollars will have no effect." The dollar reached 3.17 against the D-mark, (a 10-year plus record). Currency markets were disorganized with different banks offering varying quotations at the same time. In this situation, the Central Bank of the FRG undertook on Friday, September 21 and Monday, September 24 to sell more than \$700 million (vs. \$480 million during the preceding 15 days). The dollar declined by six percent against the D-mark and speculators suffered serious losses as a result. On Monday the West German Bank was joined by the Bank of England and the Bank of France.

The decline in the exchange rate of the dollar also furthered a decrease in the August sale of durable goods in the USA by 0.9 percent, a decline of the prime rate from 13 to 12.75 percent and the expectation of other unfavorable American economic indicators.

"The price of gold on the world markets, following the stabilization of the exchange rate of the dollar, was \$345 per ounce".

Mid October Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian, Number 43 of October 1984 carries on page 21 a 150 article by Ye. Zolotarenko entitled "Our Commentary," which states that following the publication of Ekonomicheskaya Gazeta Number 41, the USSR GOSBANK altered the exchanges rates of certain foreign currencies on two occasions. On the 12th of October the rate for the pound sterling, the Deutsche mark, the Dutch guilder, the French and Swiss francs were lowered, while the rates for the American, Canadian and Singapore dollars were raised. On the 16th of October the rates for the Austrian schilling, the Argentine peso, the Deutsche mark, and the Yugoslav dinar among others were lowered, while the rates for the US and Singapore dollars were increased.

High demand for the dollar is said to continue, based on the desire to preserve high interest rates for dollar stocks. The interest rates are in turn driven by first, withdrawals of reserves from the banking system by the US central bank, and second, by massive borrowing by the US Treasury. Zolotarenko further states that West European banks are hampered in their attempts to

further increase already extraordinarily high interest rates which are hindering economic development.

Due to the continued rise of the dollar the price of gold declined to \$335-\$340 per ounce.

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